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GAO REPORTS ROOM FOR IMPROVEMENT IN ANTIDUMPING AND COUNTERVAILING DUTY SYSTEM

Senators Baucus, Grassley, Byrd, Cochran seek quick action on lost dollars

Washington, DC – Senate Finance Committee Chairman Max Baucus (D-Mont.), Ranking Member Chuck Grassley (R-Iowa), Senator Robert Byrd (D-W. Va.) and Senator Thad Cochran (R-Miss.) commented today on a Government Accountability Office (GAO) report recommending congressional action to improve the reporting and collection of antidumping and countervailing duties. The Department of Commerce imposes these duties, which are collected by the office of Customs and Border Protection (CBP), to remedy unfair foreign trade practices, such as product “dumping” – pricing of the product below market value of similar products in the country of export. The GAO report revealed a high concentration of uncollected duties among a small number of products, countries of origin and importers, totaling over \$600 million since 2001.

“I will continue to pressure the Administration to get its house in order with regard to collecting all duties owed to the U.S. and to reporting on the duties that go uncollected. The Finance Committee will exercise the required oversight to help make this happen. American business owners are seeing their businesses undercut by unfair and illegal pricing,” said Baucus. **“We must have an increased emphasis on vigilant homeland security, but Customs and Border Protection must also safeguard America’s economic security.”**

“This report is helpful in putting the problem in context,” Grassley said. **“Of nearly 27,000 importers subject to antidumping or countervailing duties since fiscal year 2001, it seems less than 2 percent have open, unpaid bills. According to this report, a few bad apples are to blame. One-third of uncollected duties are attributable to just 4 companies, and almost two-thirds of uncollected duties are attributable to just 20 companies. Half of all uncollected bills are less than \$309 in amount. And about 43 percent of the uncollected duties are not yet final because they’re subject to ongoing legal challenge. The bottom line is that we need to do a better job of dealing with the few bad apples.”**

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“Without the Continued Dumping and Subsidy Offset Act (CDSOA), also known as the Byrd Amendment, the U.S. government would never have grasped the magnitude of the losses that continue to be incurred because our nation is failing to collect such huge sums from unfair traders,” Byrd said. “It was only when U.S. industries discovered that they could not collect the duties they were owed under CDSOA that the immensity of the problem became clear. It is painfully obvious that our government agencies must do more to resolve the complicated issues that contribute to the non-collection of duties.”

Cochran said, “The Government Accountability Office’s report recognizes the challenges of collecting antidumping duties. I hope that Congress and the federal agencies in charge of collecting duties will use this report to better protect U.S. industries against unfair trading practices.”

According to the report, a 3-year lag time in the Department of Commerce and CBP, between the time goods arrive at the border and final assessment of duties, allows illegitimate importers to avoid the duties by ceasing operations or claiming bankruptcy. GAO recommendations to improve duty collection include better communications between the agencies, modifying CBP’s standards for reviewing new shippers, and assessing CBP’s process for setting bond requirements. GAO also suggests that Congress consider revising the current duty collection system to allow for the full collection of duties at the time the product arrives in the U.S., as opposed to assessing duties retrospectively over a period of time.

The Senate Finance Committee, which has jurisdiction over U.S. international trade policy and congressional oversight of Customs and Border Protection, will examine this issue – among other issues – at its April 29 hearing. The full GAO report may be viewed here: <http://www.gao.gov/cgi-bin/getrpt?GAO-08-391>.

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